

Message Text

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TO AMEMBASSY NOUAKCHOTT

C O N F I D E N T I A L STATE 123086

E.O. 11652: GDS

TAGS: EFIN, MR

SUBJECT: EXIMBANK MEETING REGARDING SUGAR REFINERY

REFERENCE: STATE 69677 (NOTAL)

1. AS REPORTED IN PARAGRAPH 2 OF SUBJECT TELEGRAM A
MEETING WAS HELD ON APRIL 27, TO DISCUSS PROBLEMS THAT
HAVE PLAGUED SUGAR REFINERY PROJECT FINANCED BY EXIMBANK.
ATTENDANTS WERE:

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PAGE 02 STATE 123086

AMBASSADOR KOCHMAN OF MAURITANIA
MOKTAR OULD HAYE, COUNSELOR, MAURITANIAN EMBASSY
ED OLIPHANT, PRESIDENT, J. F. PRITCHARD AND CO.
V. E. BRAMPTON, V.P., J. F. PRITCHARD AND CO.
CHARLES ADAMS, LAWYER, SURREY KARASIK, MORSE AND GOEKJIAN
PETER BLENK, ASST. V.P., BANKERS' TRUST CO.
DALTON KILLION, STATE DEPARTMENT
CLAYTON NORRIS, V.P., AND OTHER ASSOCIATES FROM EXIMBANK

2. SINCE THE SOLUTION TO THE PROJECT'S DIFFICULTIES ARE CLEARLY TO BE FOUND IN A COOPERATIVE EFFORT BETWEEN THE U.S. SUPPLIER AND THE MAURITANIAN AUTHORITIES, EXIMBANK'S ROLE AT THE MEETING WAS STRICTLY THAT OF A MODERATOR.

3. MESSRS. OLIPHANT AND BRAMTHON GAVE A CHRONOLOGICAL HISTORY OF THE PROJECT AND THE PROBLEMS ENCOUNTERED IN ITS IMPLEMENTATION BY LANG ENGINEERS I.E. CONSTRUCTION DELAYS, TECHNICAL DIFFICULTIES AND COST OVERRUNS. BOTH OFFICIALS ADMITTED THAT THE U.S. BUILDER WAS RESPONSIBLE FOR CERTAIN ERRORS AND WAS NOW READY TO MAKE THE PROJECT OPERATIONAL PROVIDED THE MAURITANIAN AUTHORITIES RELEASE THE PERFORMANCE RETENTION FUNDS (DOLS. 1.2 MILLION) TO PAY FOR EXPATRIATE SERVICES AND OTHER EXPENSES. THEY ALSO STATED THAT THE MAURITANIAN GOVERNMENT SHOULD ACQUIRE THE NECESSARY SPARE PARTS AMOUNTING TO ABOUT DOLS. 850,000 IN CASE OF EQUIPMENT FAILURE AS OPERATIONS AT THE PLANT GET UNDER WAY.

4. IN GENERAL, MR. ADAMS SUPPORTED THE PRITCHARD'S OFFICIALS STATEMENTS.

5. AMBASSADOR KOCHMAN TOOK EXCEPTION TO SOME POINTS INCLUDED IN THE CHRONOLOGY OF EVENTS AS PRESENTED BY THE CONFIDENTIAL

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PAGE 03 STATE 123086

PRITCHARD OFFICIALS AND GAVE THE MAURITANIAN VIEWS ON THE SUBJECT. THE AMBASSADOR CLEARLY BLAMED THE U.S. BUILDER FOR THE CONSTRUCTION DELAYS, COST OVERRUNS AND THE TECHNICAL DIFFICULTIES. HOWEVER, HIS STATEMENTS WERE CONCILIATORY AND SAID HE HAD A CLEAR AND TOTAL MANDATE FROM HIS GOVERNMENT TO FIND A REASONABLE SOLUTION TO THE PROJECT'S PROBLEMS SO THAT THE PLANT CAN START PRODUCING SUGAR IN ITS DIFFERENT FORMS AS SOON AS POSSIBLE. HE MENTIONED THAT LEGALLY THE U.S. BUILDER DID NOT LIVE UP TO HIS CONTRACTUAL OBLIGATIONS WITH THE MAURITANIANS BUT THAT HE WAS NOT INTERESTED IN A LEGAL SOLUTION BUT RATHER IN A PRACTICAL SOLUTION. THE AMBASSADOR ADDED THAT HIS GOVERNMENT'S OBLIGATION WITH EXIMBANK WILL BE MET AND THAT THE BANK IS NOT TO BE INVOLVED IN THE PROBLEMS UNDER DISCUSSION. NEAR THE END OF HIS PRESENTATION, AMBASSADOR KOCHMAN SAID THAT HE CAN ALMOST ASSURE THE PRITCHARD OFFICIALS THAT A SATISFACTORY SOLUTION WILL BE FOUND. HIS FINAL STATEMENT WAS THAT ANOTHER MEETING BETWEEN PRITCHARD OFFICIALS AND HIMSELF WAS TO BE HELD WITHIN THREE OR FOUR DAYS EITHER IN WASHINGTON OR THE COMPANY'S HEADQUARTERS IN KANSAS CITY. VANCE

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